



Health Benefits Purchasing Review

PROJECT OVERVIEW

March 16, 2011

1.1. Business Opportunity

Do the health benefits CalPERS offers today meet future needs and are they sustainable for the years to come?

The Health Benefits Branch (HBB) is committed to evaluate the current benefits design and purchasing strategies in light of the marketplace. This evaluation will be conducted with the following guiding principles in mind:

- Articulate our purchasing principles and use these to guide us.
- Maximize quality and value for the dollars spent.
- Influence the marketplace in a positive direction in cost, quality and coverage.
- Provide our members with choices of benefits and providers.
- Improve patient safety.
- Focus on wellness and prevention.
- Deliver affordable quality care.
- Protect our retirees' coverage.
- Lead with innovative delivery methods and promote technology advancements.

This effort will provide an opportunity for CalPERS to determine if the current practices will meet future needs and if alternative approaches need to be brought to the CalPERS Board of Administration (Board) for consideration.

1.2. Project Objectives

Objectives are statements that describe what the organization wants to achieve. The objectives of the Project include:

- Evaluate alignment of current benefit design to future needs
- Evaluate alignment of current purchasing strategies to future needs
- Evaluate legal and regulatory barriers to future needs
- Engage employers, members, advisors, as well as other key stakeholders in the project
- Develop alternative approaches for the Project Sponsor and potentially, the Board's consideration

1.3. Scope of Work

The project scope represents the work required to meet the previously stated objectives to complete the Project successfully. The scope of work to be completed includes:

- Project Start Up (schedule, budget, communications, solicitations)
- Empirical evaluation of system cost drivers

- Empirical evaluation of benefit usage
- Market scan to define leading benefit design practices
- Market scan to define leading purchasing practices
- Develop model strategies
- Engage stakeholders
- Revise model strategies
- Test with stakeholders
- Finalize Alternatives
- Present outcomes to Health Benefits Committee

1.4. Project Milestones

Project milestones represent significant events in the Project, usually completion of a major deliverable or task. The following table identifies the key milestones.

Table 1 Project Milestones

Milestone Name	Month Completed
• Project Team Formed	March 2011
• Project Charter Approved	March 2011
• Project Timeline Established	March 2011
• Empirical Evaluation of System Cost Drivers	June 2011
• Empirical Evaluation of Benefit Usage	June 2011
• Market Scan	June 2011
• Documentation of Current State and Leading Practices	July 2011
• Model Strategies Developed	August 2011
• Facilitated Focus Groups	September 2011
• Web-based Survey Completed if Necessary	September 2011
• Stakeholder Feedback	October 2011
• Presentation of Outcomes to the Health Benefits Committee	December 2011
• Other Milestones to Be Added As the Project Plan is Developed	

1.5. Project Deliverables

Project Deliverables represent tangible work products produced throughout the duration of the project. The following table identifies the key deliverables.

Table 2 Project Deliverables

Deliverable Name	Month Completed
• Monthly Status Reports	Ongoing
• Project Charter & Organization	March 2011
• Enterprise Project Portfolio (EPP)	March 2011
• Health Expertise Statements of Work (SOWs)	April 2011
• Findings Relating to Cost Drivers, Benefit Usage, and Purchasing Strategies	June 2011
• Model Strategies	August 2011
• Web-based Survey Results	September 2011
• Stakeholder Feedback on Strategies	October 2011
• Presentation of Outcomes to Health Benefits Committee	December 2011
• Other Milestones to Be Added As the Project Plan is Developed	